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# MINISTRY OF RECONSTRUCTION.

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## 2ND, 3RD, 4TH AND 5TH INTERIM REPORTS

OF THE

## CIVIL WAR WORKERS' COMMITTEE.

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Presented to Parliament by Command of His Majesty.

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## PREFATORY NOTE.

These Reports are published for general information. The recommendations made have been closely examined by the different Government Departments concerned, and proposals relating to the matters dealt with in the Reports, together with other matters affecting the re-settlement of Civil War Workers and the steps which need to be taken in connection with the restoration of industry in the transitional period, are already under the consideration of the Government. Information with regard to the decisions arrived at will be published as soon as the conditions permit.

C. ADDISON.

October 31st, 1918.

## CIVIL WAR WORKERS' COMMITTEE.††

Mr. GERALD BELLHOUSE, C.B.E. (*Chairman*), Home Office.  
 The Right Hon. F. D. ACLAND, M.P., Board of Agriculture and Fisheries.  
 Mr. J. A. BARLOW, C.B.E., Ministry of Munitions.  
 Mr. A. BELLAMY, C.B.E.  
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 Mr. W. H. BEVERIDGE, C.B., Board of Trade.  
 Mr. H. B. BUTLER, Ministry of Labour.  
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 Mr. J. J. MALLON.  
 Mr. D. S. MARJORIBANKS.§  
 Dr. MARION PHILLIPS.  
 Mr. C. F. REY, Ministry of Labour.  
 Mr. HUMBERT WOLFE, C.B.E., Ministry of Munitions.  
 Mr. ROBERT YOUNG, O.B.E.

Miss A. K. LEACH, *Secretary*.*Terms of Reference.*

“To consider and report upon the arrangements which should be made for the demobilisation of workers engaged during the war in National Factories, Controlled Establishments, in other firms engaged in the production of munitions of war and on Government contracts, or in firms where substitute labour has been employed for the duration of the war.”

\* Resigned 15th April, 1918.

† Appointed 13th March, 1918.

‡ Resigned 12th February, 1918.

§ Appointed 26th October, 1917.

†† The first Report of this Committee was published as Cd. 9117.

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# CIVIL WAR WORKERS' COMMITTEE.

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## SECOND INTERIM REPORT.

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### UNEMPLOYMENT INSURANCE.

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TO THE RIGHT HONOURABLE CHRISTOPHER ADDISON, M.D., M.P.

SIR,

IMMEDIATELY after the appointment of the Committee it was evident that, whatever means might be adopted for transferring workers from war to peace occupations, and whatever might be done to reduce the period of transition, there must still be considerable temporary unemployment and a consequent necessity of some extension of unemployment insurance. The Committee therefore set up a Sub-Committee consisting of five of their members, with Mr. Beveridge as chairman, to consider the problem. The report of this Sub-Committee is forwarded herewith. We are in agreement with the proposals set out therein and we recommend that steps be taken to give effect to them. Unexpected recent developments have increased the urgency of the problem, and we hope that it may be dealt with at the earliest possible moment.

We have the honour to be,

Sir,

Your obedient servants,

(Signed) GERALD BELLHOUSE (*Chairman*).  
F. D. ACLAND.  
J. A. BARLOW.  
A. BELLAMY.  
M. J. BELL-RICHARDS.  
W. H. BEVERIDGE.  
H. B. BUTLER.  
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D. S. MARJORIBANKS.  
MARION PHILLIPS.  
C. F. REY.  
ROBERT YOUNG.  
HUMBERT WOLFE.

A. K. LEACH, *Secretary*.

14th March 1918.

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## CIVIL WAR WORKERS' COMMITTEE.

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### Report of Unemployment Insurance Sub-Committee.

1. The "Civil War Workers" apparently contemplated in the terms of reference to the Sub-Committee are two classes :—

(i) Persons on war work, *i.e.*, persons engaged on work so closely connected with the prosecution of the war that the work itself may be expected to cease when the war is no longer being prosecuted.

(ii) War substitutes, *i.e.*, persons replacing temporarily others who have joined H.M. Forces or taken up "War Work," so that on the return of these others they will presumably be displaced even though the work they were doing continues.

2. We have considered accordingly, in the first instance, the desirability of making a temporary and partial extension of unemployment insurance, so as to cover as completely as possible these special classes of persons without bringing in others. The two classes may for the moment be considered separately.

3. *Persons on War Work.*—A very considerable extension on these lines has already been attempted in the Munition Workers' Insurance Act which, besides applying to all persons in certain scheduled trades, whether engaged on munitions work or not, applies to all persons on munitions work, whatever their trade. It cannot, however, be said that this plan has approved itself in practice, or in any way covers the ground. It is open to the following objections :—

4. First, it is not practicable in most trades to distinguish, for purposes of insurance, between those engaged on "munitions" or "war" work and those not so engaged. Workpeople pass from one type of work to the other from week to week or day to day. In many trades engaged in making materials rather than finished articles it is often impossible to say at any given moment whether the work is "war" work or not. Even where the distinction is clear and workpeople do not pass continually from "war" work to civil work and *vice versa*, the differential treatment of workpeople in the same factory causes unrest. In practice the power reserved under them to the Board of Trade (now the Ministry of Labour) to exclude any specified class of "munition work" from insurance has had to be exercised to so large an extent as to whittle down this insurance of "munition workers" (as distinct from munition trades) till it covers less than 200,000 workpeople out of an original total exceeding 1,400,000. Exclusion has been or is being applied in turn to food, drink and tobacco, wool, cotton, hosiery, glass, and other minor trades. Hardly any important group of workers remains insured under this heading except those making Army clothing.

5. Second, even if the distinction between "war workers" and others in a trade can be made and maintained it is of little or no practical value as indicating which individual will be unemployed. It by no means follows that on the reduction of staff at the termination of the war, the workman who has been doing "war work" will be selected for discharge in preference to his fellow who has been doing the civil work. The selection will depend mainly on the relative efficiency of the two men or other personal considerations. The insured workman may be retained and the uninsured workman dismissed.

6. Third, the distinction between "munition work" or "war work" and other work is equally unsatisfactory as an indication of the trades in which unemployment is to be expected after the war. There are, indeed, few trades now which are not largely engaged on war work and probably none at all whose activity is not directly or indirectly connected with the prosecution of the war. In particular all the trades supplying furniture, clothing, food, and so forth to munitions workers, though they cannot be described as "war work" will be subject to the same dislocation at the end of the war, as their customers lose employment or are dispersed over the country.

7. *War Substitutes.*—These are to be found in all occupations whether connected with the prosecution of the war or not. The Munition Workers Insurance Act contains a provision enabling the Board of Trade (now Ministry of Labour), in extending unemployment insurance to a trade, to include only those who have entered the trade since August 1914 and were 18 and upwards at the age of entry. The apparent object of this clause is to provide for the insurance of "war substitutes" as such, while excluding the main body of the trade, and we have considered whether it might not be used, subject to certain amendments, for this purpose.

8. It is just possible that in a very special occupation—such as railway service—the plan might be of value. Even there, however, it is open to considerable objections and as a general



measure applicable to ordinary industries, it appears impracticable. The differentiation between individuals within a factory would give rise to great difficulties. Movement from one employer to another would make it in practice impossible to determine whether a particular person was a "war substitute" or not. The "war workers" themselves will not necessarily be the persons selected for unemployment. Many will not be displaced at all, since the men whose places they are taking will not return; others may return to their former work and themselves displace others. The question of including or not including persons who have entered the trade under the age of 18 will give rise to acute difference of opinion.

9. We are driven to the conclusion that it is impracticable to attempt the insurance of "civil war workers" as such. The only alternatives are (a) a further partial extension of insurance by trades, the trades being selected as those which for any reason appear most likely to suffer from unemployment after the war, and (b) a general extension of insurance to all employees, subject to provisions for exclusion or adaptation in the case of special trades.

10. *Partial Extension by Trades.*—This amounts simply to adding a certain number of trades to the schedule under the Munition Workers Act. In Appendix A to this Report an examination is made of the various occupations at present uninsured and a list is given of those which appear most likely to require provision for unemployment. The list comprises clerks and shop assistants, financial, commercial, and professional occupations; food, drink and tobacco; wood and furnishing trades (in so far as these are not already insured), and clothing. It is also suggested that women engaged in transport and in public utility services should be included.

11. This list is substantially the same as that given in the memorandum of 10th July 1917, put forward by the Ministry of Labour, and is probably as good a list as can be made. Having considered this proposal, however, we feel the greatest difficulty in recommending it as a satisfactory solution of the problem before us.

12. First, it appears to us to be impossible with any assurance to select trades for insurance on the ground that they are particularly liable to unemployment in the reconstruction period. Future conditions in respect of trade policy, shipping, finance, and raw materials are all so uncertain as to make prophecy on this point little more than guesswork.

13. Second, even if the Government or the Department concerned do feel able to select a trade on these lines for insurance, it by no means follows that they can convince the trade itself. There is always something invidious in applying any compulsory system partially. In practice the Ministry of Labour have failed to convince the boot and shoe trade that the trade had any special risk of unemployment and have had to acquiesce in its exclusion from the Munition Workers' Insurance Act. Yet the case for insuring most of the other trades in the list given above is weaker than the case for insuring the boot and shoe trade.

14. Third, even if all the trades mentioned in the list were included this would by no means cover the ground or make provision for all civil war workers. These, as stated above, are to be found in all occupations.

15. We are of opinion that an attempt at a partial extension of unemployment insurance by inclusion of specified trades would prove extremely difficult to carry through and would yield very inadequate provision for unemployment if accomplished.

16. The problem of the "civil war worker" cannot be dealt with satisfactorily except as part of the larger problem of unemployment after the war. Nor can any limits be set to the extent of that larger problem. It is impossible to forecast the course or the incidence of unemployment in the reconstruction period. It is impossible to say of any trade that it will not be subject to dislocation at some stage or other.

17. The reconstruction period should be regarded as one in which all trades and occupations are subject to risk and, apart from and in addition to all special measures for preventing unemployment itself in particular trades, general provision should be made for prevention of distress through unemployment by seeing that everybody is insured against unemployment.

18. On these grounds we are satisfied that the only effective and adequate way of meeting the problem is by a scheme of general insurance designed to cover the whole area of employment. We think it probable that a general scheme, in spite of its magnitude, is likely to prove less controversial than any attempt to single out particular trades, while it makes certain, as no partial scheme would, of really covering all the ground and excluding the necessity for hastily improvised supplementary measures.

19. In this connection it may be pointed out that if the scheme of partial insurance broke down either owing to opposition from the trades selected for inclusion or because unemployment proved not to be limited to the area covered by insurance, the whole principle of insurance must be seriously endangered. So far as hardship due to unemployment is not met by insurance, the Government of the day will inevitably be driven to fall back on "measures for the relief of distress," in other words on a system of doles. It will be impossible in the middle of a great crisis to improvise any satisfactory machinery for administration, and large sums will inevitably



be spent in the least effective and most demoralising way. At the same time, once it is clear that uninsured trades are entitled to public money for the relief of distress, it will be quite impossible to preserve the principle of contributory insurance for the trades included under the present schemes. On practical administrative grounds, quite apart from any question of principle, the method of contributory insurance has the great advantage of providing an effective and automatic means of registering and selecting the individuals who require assistance.

20. We submit for consideration in Appendices B and C two proposals embodying schemes of general insurance which have been laid before us. Both of these schemes are outlines which obviously require further examination by some authority with wider powers and equipped with the necessary financial and technical knowledge. We have not, therefore, felt it necessary to work out the financial and technical details. The precise form which a scheme of general insurance should take must necessarily be shaped after consultation with representatives of employers and workmen generally, and we have taken the view that such consultation lay outside the scope of our duties. A scheme of general insurance must, however, affect very materially the permanent scope and organisation of unemployment insurance, and to this extent our recommendations pass beyond the range of reconstruction.

21. We are of opinion, accordingly, that the Minister of Labour should be asked to frame definite and detailed proposals for general insurance and to give effect thereto as soon as possible. The necessary steps to this end should clearly be taken with the least possible delay. At this stage it is impossible to foresee how soon the problems of demobilisation may become concrete and urgent realities. Unless a scheme of general insurance is devised and launched at the earliest possible date it may be impossible to avoid the disastrous chaos of unorganised and improvised methods of relieving distress.

22. We desire in conclusion to record our appreciation of the very valuable services rendered by our Secretary, Mr. C. B. Hawkins.

(Signed) W. H. BEVERIDGE (*Chairman*).  
A. SUSAN LAWRENCE.  
CHAS. A. LISTER.  
J. J. MALLON.  
C. F. REY.  
ROBERT YOUNG.

C. B. HAWKINS (*Secretary*),  
February 12th, 1918.

## APPENDIX A.

### TRADES FOR INCLUSION IN A SCHEME OF PARTIAL INSURANCE.

#### *Area covered by Present Scheme :*

The present scheme of State Insurance covers a population of, roughly, 3,500,000, viz., 2,750,000 men and 750,000 women.

In this number are included the great bulk of the 2,660,000 persons estimated by the Board of Trade to be employed on "Munitions" in the narrow sense of destructive munitions of war. The Board of Trade figures for munition workers include, however, clerks, foremen and other personnel who are not manual workmen and who do not, therefore, fall within the scope of insurance.

In addition to the 2,660,000 persons engaged on "Munitions," it is estimated that 2,466,000 persons are employed on other government work over the whole area of employment (*i.e.*, including industries, commerce and transport). Of this number about 400,000 are employed in the building trade, which is, of course, already insured. It will appear, therefore, that there are at least 2,000,000 persons engaged on Government work who are not at present covered by State Insurance.

Owing to the fact that Government and civilian work cannot be distinguished except in a few well defined cases, *e.g.*, army clothing, it is not practicable to consider the insurance of Government workers apart from other workers, and even if it were possible, there is, of course, no guarantee that the particular workpeople employed on Government contracts will be those selected for discharge after the war, should

discharges be necessary. In any event, the proportion of Government work in a trade is only one of the factors constituting the total risk of unemployment during the period of demobilisation and reconstruction. These factors may be conveniently summarised as follows :—

- (1) The proportion of Government work to the total amount of work in the trade.
- (2) The proportion of males called up for military service, whom the trade will have to re-absorb on demobilisation.
- (3) The proportion in which men have been engaged as substitutes.
- (4) The general economic position which is likely to obtain in the trade when peace is declared. A trade which has lost, say, 50 per cent. of males by enlistment, and which has suffered a corresponding decrease in output, will, for example, only be able to re-absorb the labour discharged from the Army if there is a corresponding extension in the supply of materials and also in the effective demand.

Information on these points (especially points 1 to 3) is contained in the periodical reports prepared for the Board of Trade on the course of employment since 1914, and it may be convenient to insert here the table below, which has been extracted from a report for July last. Trades already included under the State Insurance are excluded.



STATE OF EMPLOYMENT COMPARED WITH JULY, 1914, IN ALL NON-INSURED OCCUPATIONS  
IN JULY, 1917.

Trade Group.	Males.					Females.		
	Estimated Number employed July, 1914.	Contraction (-). Expansion (+).	Known to have joined the Army.	Displace- ment (-). Replace- (+).	On Govern- ment Work.	Estimated Number employed July, 1914.	Contraction (-). Expansion (+).	On Govern- ment Work.
Mines and Quarries	1,266,000	-14.5	29.0	+14.5	60	7,000	+ 71.4	41
Textile Trades	625,000	-28.2	41.0	+12.8	31	663,000	+ 2.4	32
Clothing Trade	292,000	-31.2	51.6	+20.4	26	620,000	- 5.8	17
Food, Drink and Tobacco	360,000	-29.0	55.2	+26.2	12	196,000	+ 12.2	17
Paper and Printing	261,000	-38.5	47.5	+ 9.0	18	147,500	- 3.4	24
Wood Trades	258,000	-34.3	47.9	+13.6	50	44,000	+ 62.7	42
Other Trades :								
China and Earthen- ware	50,000	-37.9	39.4	+ 1.5	33	32,000	+ 6.9	17
Glass bottles	16,000	-25.9	31.	+ 5.1	43	1,500	+ 31.2	46
Other glass	20,000	-36.8	42.7	+ 5.9	54	2,500	+ 59.8	51
Public Utility Services	63,000	-17.5	31.3	+13.8	24	600	+635.3	27
Transport	1,153,000	-24.1	32.8	+ 8.7	—	18,200	+484.4	—
Banking and Finance	176,000	-38.7.	52.6	+13.9	—	9,500	+570.5	—
Professions	143,000	-40.3	56.5	+16.2	—	67,500	+ 30.2	—
Entertainments	185,000	-40.5	56.5	+16.0	—	176,000	+ 12.5	—
Commerce	1,225,000	-35.1	57.9	+22.8	—	496,000	+ 65.4	—

*Mining and Textile Trades :*

Taking the occupation groups in the order in which they are set out in the foregoing table, it may be observed, as regards the mining and textile groups, that in both cases the manual workpeople concerned are exceptionally highly organised. Apart from the voluntary provision against risk of unemployment made by the trade unions concerned, the practice is to meet bad trade by the method of short time. On these grounds, therefore, they would probably not be suitable for inclusion in a partial scheme. Moreover, in neither case is the rate of enlistment and substitution relatively high. Accordingly, whilst it is quite likely that there will, in fact, be considerable distress amongst the workpeople in these groups after the war, the danger is, perhaps, relatively less than in many other trades.

*Clothing Trades :*

It may be noted that the boot and shoe trades, which fall within this group, are already covered by the Act of last year. The associations of employers and workpeople concerned, however, raise objection to the inclusion of their trade within the area of State Insurance, on the ground that the union, which includes about two-fifths of the total number of workpeople employed, already makes adequate provision for unemployment, and also has an effective system for meeting depression by short time. In view of these representations, it is probable that the boot and shoe trade will be excluded from the operation of Unemployment Insurance at an early date. As regards the clothing trade as a whole, it will be noted that over 50 per cent. of males have enlisted, and that there has been replacement to the extent of 20 per cent., *i.e.*, in order to avoid discharge of male workers after the war, the clothing trade must be in a position to expand by something approaching 70 per cent. Having regard to the shortage of material and to the fact that 26 per cent. of workpeople in the trade are now on Government work, which will, of course, come to an end with the war, it seems clear that there are strong grounds for considering this group for inclusion in the scheme of State Insurance. The number of women employed, indeed, has diminished during the war, and if employment is as good after the war as it is now there should be little unemployment amongst them. On the other hand, it is likely that the general contraction of money earnings, which may be one

of the results of peace, will react severely on luxury trades, including a considerable part of clothing and furnishing. Should this risk materialise, women as well as men will be thrown out in the clothing trade.

*Food, Drink and Tobacco :*

As regards this group, it will be noted that the enlistment rate of 55.2 per cent. and the replacement rate of 26.2 per cent. are both higher than in almost any other group. There has, moreover, been a very distinct increase in the number of women engaged. On these grounds, notwithstanding the fact that the total population in the trade has shrunk considerably, the case for inclusion in a partial scheme would appear to be rather strong. It should, however, be noted that the jam and confectionery trades, which are suffering acutely from the shortage of sugar, are unlikely to be in a worse position after the war than they are at present. This consideration applies also to the fish curing industry, which has practically come to an end, owing to naval operations.

*Paper and Printing Trades :*

Owing to the shortage of paper this trade has shrunk considerably, and will, no doubt, continue to decline so long as the war continues. The trade is strongly organised, and there is, therefore, a considerable amount of provision against unemployment already being made by voluntary methods, and as the trade is hardly likely to be worse off after the war than during its continuance, there is probably no strong reason for bringing this group within the area of State Insurance.

*Wood Trades :*

About 140,000 workpeople comprised in this group are already insured against unemployment under the headings of Saw-milling and Case-making. The feature of this group is the remarkable increase in the proportion of women employed, *viz.*, 63 per cent. The enlistment figure is also high for the whole group, and especially for the furniture and upholstery trades, where it is 51 per cent. and 54 per cent. respectively. The proportion of male substitutes engaged is also considerable. It would, therefore, appear desirable to include the trades comprised in this group in any scheme for the expansion of Unemployment Insurance, so far as they are not already included.



### China and Glass Trades :

The number of women employed in these trades is relatively small, and, as regards male labour, the enlistment and replacement rates are both relatively low. These trades would not, therefore, appear to be specially exposed to risk of unemployment as compared with other groups.

### Public Utility Service and Transport :

In both these groups the outstanding feature is the enormous increase in the proportion of women employed. It seems almost certain that, when the men now serving come back, a very large proportion of these women will necessarily be discharged. On this ground, insurance for women in these groups would appear particularly appropriate, especially as they are not protected by any voluntary organisation.

As a general rule, there would probably be great difficulty in practice in insuring women apart from men. The men belong to the same trade union, and would almost certainly object to being selected for differential treatment. These considerations, however, do not apply with the same force to the groups now under discussion, and the insurance of women workers only might even be welcomed by the men, on the ground that insurance will make it easier to get rid of the women after the war.

### Commerce and Clerical :

The figures in the table for the banking, professional and commercial groups, are remarkable for the enormous expansion in the number of women employed, and for the very high rate of enlistment. The proportion of male substitutes employed is

also exceptionally high in the commercial group, i.e., the wholesale and retail distributive trades, the proportion being 22·8 per cent., which is only exceeded in the case of the food, drink and tobacco group, where it is 26 per cent.

It is clear, therefore, that if the Unemployment Insurance is extended at all, it ought to cover the women employed in these groups after the war. Probably the men also ought to be covered. There would appear to be no grounds for supposing that employment in these groups will expand after the war to such an extent as will enable them to absorb not merely the large numbers of males who will return from the "Colours," but also the 14 per cent., 16 per cent. or 20 per cent. of substitutes who have been engaged to replace them. From a practical administrative point of view, it is probably easier to insure both men and women than to bring in the women only. The insurance of clerical workers in general would, moreover, have the further advantage of including the office staffs employed in connection with the manufacture of munitions, who are, broadly speaking, exposed to just as much risk as the manual workers.

### SUMMARY.

Whilst it is clear that there is serious risk of unemployment after the war in all trades, it is suggested that if insurance must be limited to occupations in which the risk is most likely to materialise, the following groups should be selected for consideration. The groups are placed in order of preference.

### TRADES SUGGESTED FOR INCLUSION.

Trade Group.	Estimated Employed Population at January, 1917, aged 16 and over.			Number already Insured through Trade Union.		
	Males.	Females.	Total.	Males.	Females.	Total.
Clerks and Shop Assistants - -	841,000	943,000	1,784,000	122,600	23,400	146,000
Financial, Commercial and Professional	200,000	210,000	410,000	—	—	—
Transport - - - -	—	30,000	30,000	—	—	—
Public Utility Service - - - -	—	8,000	8,000	—	—	—
Food, Drink and Tobacco - - -	171,400	117,300	288,700	18,950	1,700	20,650
Wood Trades Uninsured, viz., Furni- ture, Brush, Basket - - - -	89,700	46,150	135,850	6,300	350	6,650
Clothing (other than Boots and Shoes)	200,200	502,500	702,700	18,100	35,350	53,450
GRAND TOTAL - - -	1,502,300	1,856,950	3,359,250	165,950	60,800	226,750

It will be noted that these are substantially the groups put forward by the Ministry of Labour in the memorandum submitted by the Cabinet and referred to the Committee. It is now suggested, however, that men should usually be included as well as the women, and that, in the case of clothing, insurance should apply generally and not be limited to the wholesale tailoring trade.

The inclusion of non-manual employees would make it necessary to lay down an income limit above which contributions would not be payable. Probably this limit should not be less than 200l. Provision should also be made for recent entrance in the event of the war reaching an early conclusion. Subject to this, the new trades should be brought in under the terms of the Act of 1916.

### APPENDIX B.

#### SCHEME I. FOR NATIONAL UNEMPLOYMENT INSURANCE.

(1) *Scope of Insurance.*—Until three years after the termination of the war, Compulsory Unemployment Insurance will apply to all employed persons except

(a) persons employed otherwise than by way of manual labour and in receipt of remuneration at a rate exceeding 200l. per annum;

(b) persons employed in trades with a "Special Scheme" (paragraph 3).

(2) *Contributions and Benefits.*—In the case of men, the contribution will be 2½d. each from employer, workman and State. The unemployment benefit will be 15s. a week for 15 weeks of unemployment after the first week, and subject to whatever rules as to continuity of unemployment, disqualification for benefit, and proportion of benefit to total contributions paid, apply to the present insured trades. In the case of women, the contribution will be 2d.



and benefit 12s. a week. In addition to the unemployment benefit, there will be pension allowances to persons experiencing little or no unemployment (paragraph 5). The fund will be liable for administration expenses up to 10 per cent., any excess being borne by the State.

*Note.*—It has been impossible to make any definite actuarial estimate of the probable rate of unemployment, having regard both to the absence of any records of unemployment among large classes of the population and to the uncertainty of industrial conditions after the war. From the information available, however, it seems reasonable to expect that the contributions stated will yield the benefits proposed (together with the pension benefit in paragraph 5). There is an advantage in continuing the present rate of contribution ( $2\frac{1}{2}d.$  a week).

(3) *Special Schemes in Exempted Trades.*—The Minister of Labour will be authorised, after consultation with the recognised Industrial Council, or, failing that, with associations of employers and workmen, in each trade, by order to exclude altogether from insurance any trade in which a "Special Scheme" is adopted securing for all persons employed in that trade benefits equivalent to, or greater than, those provided by the State insurance system.

*Note.*—"Special Schemes" will, it is expected, be suited only to highly organised occupations of a special character such as railway service, mining, cotton and (possibly) local government and mercantile marine. A Special Insurance Scheme is already in force under the Cotton Control Board, and could, no doubt, be adopted for recognition under the Act. A Special Scheme of a different type will probably be required in dock labour.

(4) *Arrangements with Associations in Insured Trades.*—A new type of arrangement with associations will be introduced providing, on conditions, for repayment to associations on the basis of the contributions of their members, and not of the benefits paid (as in the present Section 105). Where such an arrangement has been made, any member of the association wishing to claim on the association, instead of the unemployment fund, will make a declaration to this effect. Persons who make such declarations will be debarred from getting State benefit, but there will be paid each year from the unemployment fund to their association an annual grant at the rate of, say, 16s. a year for each man and a corresponding amount for each woman, representing the assumed value of the worker's and the employer's contributions. The association will be free to spend the money obtained in providing benefit on any scale desired by it, and subject to its own rules, but will be required to spend on friendly benefits altogether not less than the total grant received by it. It is a matter for further consideration whether any part of the State contribution should also be paid over in such circumstances.

*Note.*—The new type of arrangement differs from a "Special Scheme" in so far as it

(a) relates only to benefits and leaves the method of collecting contributions (by cards and stamps) untouched;

(b) relates only to members of associations.

It differs from section 105 in giving freedom to each association to frame and apply its own rules as to benefit, subject only to the condition that the association benefits shall, on the whole, be equivalent to, or greater than, the statutory benefit. The workmen will not be required to claim benefit at an employment exchange, and will not be subject to the rules as to "continuity of unemployment," waiting week, dismissal for misconduct, etc.

The proposal will no doubt be adopted by the great bulk of the associations in the insured trades, whether they now give benefit or not, and will enable them to avoid feeling that they are paying for the unemployment of others.

Any association will, however, also have the option of continuing or making an arrangement of the present type under section 105.

(5) *Pension Benefits.*—At the age of 65 any person whose own contributions exceed the benefit then drawn by him will be able, in lieu of any further claim to unemployment benefit in respect of such contributions, to claim for the five years from 65 to 70 a pension at the following rates:—

Where benefits drawn do not exceed—

$\frac{1}{4}$ of own contributions	7s. a week.
$\frac{1}{2}$ " "	6s. "
$\frac{3}{4}$ " "	5s. "
Total " "	4s. "

Should the age for commencing old age pensions be lowered, the age for benefit under this scheme would also be lowered, so as to cover always the last few years before the old age pensions begin. It might in that case be necessary to reduce the amounts paid or the period for which they were paid (say, from 5 to 4 years).

*Note.*—This is intended to replace the present section 95 of the National Insurance Act (Part II.) (repayment of contributions at 60) and to meet objection to insurance on the part of occupations such as agriculture and domestic service, which, though having relatively little unemployment, are not sufficiently organised to adopt a "special scheme."

The foregoing pensions are based on payment of contributions for about 40 years in each case. A workman will not be able to claim in respect of contributions paid while he was claiming under an association arrangement, and the pensions will, of course, be lower to men who only come into insurance late in life.

The cost of these allowances has only been worked out very roughly, and it is not certain that pensions on this scale could be awarded, but probably something in the neighbourhood of these amounts could be paid:—

(6) *Initial Benefits.*—Unless the scheme is in force for a considerable time before the war ends, the workpeople insured under it will not, at the outset, have paid sufficient contributions to entitle them to substantial benefits, in view of the rule limiting benefit to one week for every five contributions paid. Probably the simplest way of meeting the difficulty will be to vary the proportion under the rule, e.g., if the war ends six months after the starting of the scheme, to make the proportion 1 : 2 for the next six months, and 1 : 4 or 1 : 5 thereafter.

*Note.*—If the war ended and acute unemployment developed within a very short time after contributions began to be paid under the scheme, it might be necessary to go yet further, and provide—

(a) for crediting each workman under the proportioning rule with a certain number of "added contributions" (as was done when unemployment insurance was started);

(b) for an advance from the Treasury, to be repaid by subsequent contributions.

It is, however, important to notice that once the organisation has been completed, to the extent of issuing unemployment books for contributions, and so, in effect, registering the insurable population, the scheme will work even though the war ends immediately thereafter. There is no need to assume a lengthy initial period of contributions.

(8.) *Existing Unemployment Fund.*—The existing unemployment fund—exceeding 10,000,000l.—has been contributed mainly by the original insured trades (engineering, shipbuilding and building), which have also a materially higher rate of unemployment than the rest of the employed population. Substantial justice will probably be done by letting the old trades now come in at the same rate of contributions as the new ones, on condition of throwing their accumulated fund into the common pool. The interest on 10,000,000l. represents some-



thing like  $\frac{1}{2}d.$  per head per week in contributions. This point, however, needs further consideration after full examination of the actuarial position.

(9) *Relation to Health Insurance.*—If unemployment insurance becomes, like health insurance national in scope, there will clearly be strong grounds for simplifying the machinery for collection of contributions, *i.e.*, for letting both health and unemployment contributions be paid by a single stamp affixed to a single card. This is a matter for examination by the expert officers of the two departments concerned, but it is difficult to believe that the continuance of separate unemployment books and insurance cards (in addition to the insurance book retained by the employer) is essential. Unquestionably the acceptance of the whole scheme by the public would be very much facilitated if this unification could be brought about.

(10) *Termination or Continuance of Insurance.*—As from the end of three years after the termination of the war the Minister of Labour will be authorised to exclude from insurance any trade or occupation as to which, after consultation with the associations of employers and of workpeople, he is satisfied that permanent insurance is undesirable.

#### *General Observations on Scheme I.*

Attention may be called to the following main points in relation to the scheme outlined above :—

*Adaptability of System to Various Trades.*—First, the scheme is based on the principle that the State, while prescribing the end to be attained—universal insurance against unemployment during the reconstruction period—should leave the greatest possible freedom as to the means to be adopted for this end, according to the varying conditions of each trade.

The great organised trades—such as mining, cotton, railway service—will be able to stand outside the State scheme of contributions and benefits altogether, making provision for unemployment under “Special Schemes,” devised and managed by the trades themselves. The organised workmen in less completely organised trades, while required to pay contributions under the State scheme, will be able to have their own scheme of benefit, paid by themselves under their own rules.

*Exclusion of Trades after Three Years.*—The proposal makes insurance general for three years after the war, on the ground that during that period the risk of unemployment is general. At the end of the period any trade for which permanent insurance is desirable can remain subject to the scheme, while others, for which permanent insurance is undesirable, are excluded. It is clearly of the greatest importance that provision for a war emergency should not lead to placing upon the State a permanent burden of expenditure which cannot be justified by permanent needs. For this reason, while insurance against unemployment must be universal during the reconstruction period, it is equally important that the scheme should admit of bringing insurance to an end wherever it is not required, at the end of that period. Moreover, by the provision for exclusion of trades with “Special Schemes,” the total State contribution will be materially decreased. It is not contemplated that in such cases the State should contribute anything except, perhaps, a grant of one-sixth of the benefits paid, as under section 106 of the present Act.

*Pension Benefits and Stable Trades.*—While it is desirable to avoid, if possible, any absolute exceptions to the system, and while it may be hoped that the provision of “pension benefit” proposed in paragraph 5 of the scheme, will meet any reasonable objection to insurance on the part of persons employed in occupations such as agriculture and

domestic service, which are both unorganised and relatively free from unemployment in normal times, the financial basis of the scheme does not depend upon retaining these occupations within it. They can safely be excluded after three years (losing, of course, the chance of pension benefit), or they can be included with lower rates of contributions even from the outset.

*Rate of Benefit.*—Uncertainty as to the course of prices after the war makes it difficult to fix upon the most suitable rates of contribution and benefit. There is clearly an advantage, however, in continuing, as far as possible, the existing rate of contribution, and this is proposed in the case of men; it is hoped that this contribution may yield benefit up to 15s. a week. As to women, there is a difficulty, owing to the danger, on the one hand, of fixing a rate of benefit which might be inadequate in a time of high prices and, on the other hand, of fixing a rate so high as to encourage unemployment. On the whole, the actual proposal—of 12s. a week (corresponding to a contribution of 2d.)—seems a reasonable one.

*Statistics.*—The following table shows the insurable population and its assumed distribution under the various parts of the scheme.

#### *Insurable Population in Main Groups.*

	Numbers Employed.
Old Insured Trades (Engineering, Shipbuilding, Building, etc.) - - - -	2,292,000
New Insured Trades (Metals, Explosives, Leather, Chemicals, Rubber, etc.) - - -	1,140,000
	3,432,000
Boot and Shoe - - - -	146,000
Textile (other than Cotton) - - -	648,000
Clothing - - - -	557,000
Transport (excluding Docks and Railways) - - - -	230,000
Paper, Printing, etc. - - -	233,000
Furniture, etc. - - -	132,000
Food, Drink and Tobacco - - -	289,000
Miscellaneous (China, Glass, Linoleum, etc.) - - -	202,000
General Labourers - - -	203,000
Financial, Commercial and Professional - - - -	410,000
Clerks, Shop Assistants - - -	1,784,000
Public Utility Services - - -	112,000
	4,946,000
Agriculture - - - -	939,000
Domestic Service - - - -	1,950,000
	2,889,000
Docks, etc. - - - -	120,000
Railways - - - -	600,000
Mining (Iron and Coal) - - -	1,000,000
Mercantile Marine - - -	300,000
Cotton - - - -	487,000
	2,507,000
<b>TOTAL - - - -</b>	<b>13,774,000</b>

It may be estimated that this insurable population will be distributed under “Special Schemes,” “Arrangements with Associations” and “State Insurance,” as follows :—

Special Schemes - - - -	2,507,000
Arrangements with Associations - - -	2,271,000
State Insurance :—	
(a) not including agriculture and domestic servants - - -	6,107,000
(b) including agriculture and domestic servants - - -	8,996,000



## APPENDIX C.

## SCHEME II. FOR NATIONAL UNEMPLOYMENT INSURANCE.

(1) It is clear that whatever be the state of trade and finance after the war, there must be a considerable amount of unemployment for some period; how much unemployment there will be and over what period it will last it is impossible to forecast. But, whatever it be, there must be a great deal of unemployment which can only be dealt with in one of two ways, either by a considered scheme of insurance, introduced beforehand, or by State doles, hurriedly and indiscriminately issued when the moment of crisis arrives. There can be no question which is the better way. State doles lead straight to pauperisation. A well-devised scheme of insurance preserves the self-respect of the worker, and assists and encourages him to supplement it by provision, made individually or through an association.

(2) The various possible methods of insurance have been fully considered in this Report. The difficulties in the way are in all cases great, and in some cases insuperable. A partial scheme of insurance has been demonstrated to be practically impossible. There remains, therefore, the only alternative—a general scheme. We have, for the past five years, had experience of such a scheme in certain industries, and, with the exception of the operation of one section, viz., section 106, which was a grant to associations, the Act has worked without friction and without difficulty, and the trades concerned, which include some of the most highly organised trades in the country, have not raised any objections of importance.

(3) The problem in extending the existing Act to all trades will be complicated by the fact that we shall be asking certain trades, which hitherto have experienced little or no unemployment, to pay the same rate of contribution as other trades which have experienced a considerable amount of unemployment, and that it is impossible to avoid this, inasmuch as there are no data to go on in order to fix differential rates of contributions between the different trades according to the risk of unemployment.

(4) There is the further objection that certain trades might object to be compelled to accept a scheme which involved official interference in their concerns, which compelled the attendance of their members at employment exchanges, and which gave them no voice in the management of what they regard as their own concerns. There appears, however, to be no insuperable difficulty in devising a scheme which will meet these objections and will give the requisite degree of autonomy to the various trades whilst enabling the State to fulfil its responsibility of providing for all its members.

(5) In the first place, it may be pointed out that the State is certainly under obligation to take a very special part in meeting the unemployment which is

due to after-war conditions. It is therefore right that the State should, in any system of unemployment insurance devised to meet this, bear a larger share of the cost than it could properly be expected to do in a scheme of insurance devised to meet merely normal contingencies. Consequently it would be a justifiable proposition in any scheme which is devised for the purpose, to establish for a few years after the war a low uniform flat rate of contribution, which would probably not be solvent for the time, but any deficit of which should be made up by the State, *i.e.*, a contribution of 1d. each from workmen, employers and the State, and a flat rate of benefit of 10s. By having such a low rate of contribution the objections of the trades which have experienced little or no unemployment in the past will be largely met. It could further be arranged that the contributions of the different trades or industries should be paid into different funds, so that at the end of a given period, say, three years, an examination of these funds could be made and the future contributions of the trades and the State respectively could be assessed with a view to an equitable apportionment of the risks according to the actual volume of unemployment. To do this and to establish future working arrangements, National Committees of Employers and Workmen in each trade could be brought into being, and could be charged with examining the question with the aid of State actuaries.

(6) As regards the other objections to an extension of the scheme, it would appear possible to meet these by devolving a large part of the administration of the scheme to bodies vested with a large amount of local autonomy; that is to say, the Local Committees of Employers and Workmen established by the Ministry of Labour, could be constituted the insurance authorities for the various districts. Claims for benefit might be made to them, and it should rest with them to allow or disallow the claim, subject to an appeal by workmen or by the Department to the Umpire. These Local Committees are a fundamental part of the Government scheme for dealing with demobilisation. It is, therefore, not merely right and proper but eminently desirable that they should be entrusted with financial responsibilities of this kind.

(7) Any special arrangements which were necessary for dealing with special trades might well be considered by Central Trade Committees, and, if necessary, carried out by Local Trade Sub-Committees of local Advisory Committees. It would not be necessary to create fresh machinery for this purpose inasmuch as the machinery visualised here has already been created for demobilisation and other purposes by the Ministry of Labour.

# CIVIL WAR WORKERS' COMMITTEE.

## THIRD INTERIM REPORT.

### HOLIDAYS FOR MUNITION WORKERS AFTER THE WAR.

To the Rt. Hon. CHRISTOPHER ADDISON, M.D., M.P.

SIR,

1. WE have the honour to submit to you our third interim report in which we deal with the question of a holiday for munition workers at the end of the war.

2. In this connection we have had before us a proposal that on the analogy of the month's furlough to be granted to soldiers on demobilisation, all munition workers should be granted a month's holiday on full pay (at weekly time wages) at the cost of the State. It has been urged before us first that on physiological grounds such a holiday is in the national interests, and especially so for the women, having regard to the consideration of future maternity; and secondly that the claim of the munition workers to a holiday, in so far as they have been debarred by law from obtaining employment on other than munition work, is comparable to that of the soldiers. We have also, as an extension of this proposal, had before us the recommendation of a well-known employer, who urged as his personal opinion the desirability of giving all workers paid weekly a fortnight's holiday on full pay in each year. He proposed both on general grounds, and more particularly in view of the need for removing the exceptional strain produced by the war, that the Government should consider whether a fortnight's holiday in the year should not be made general for every worker who had been in consecutive employment for one year. He pointed out that this would not mean that the whole of an industry would be at a standstill for any particular fortnight, but that each industry, each locality, or each establishment would make its own arrangements with a view to suiting the general convenience.

3. After giving the question of a holiday for munition workers most careful consideration the Committee find themselves quite unable to agree to any unanimous recommendation. They recognise, however, that the subject is one which has received considerable public notice, and they think that they will help the Ministry of Reconstruction best by setting out freely and frankly the divergent views held by different members of the Committee. These views are accordingly expressed in the Appendices attached.

I have the honour to be,

Sir,

Your obedient Servant,

GERALD BELLHOUSE,

*Chairman.*

A. K. LEACH,

*Secretary.*

18th April, 1918.



## APPENDIX A.

1. We find ourselves quite unable to support the proposal for a holiday for munition workers on full pay either immediately on demobilisation or, as has been suggested as an alternative, during the twelve months following the cessation of hostilities.

2. It has been argued that such a holiday is necessary on physiological grounds. We cannot, however, find any evidence that the hours of labour or conditions of munition work have lately been such as to justify any special claim to a holiday at the public expense for munition workers generally as compared with many other classes of workers. Had there been a continuance of the conditions which prevailed in the early stages of the war, when hours were, almost universally, exceptionally long, and holidays impossible, a strong case could no doubt have been made out in favour of the munition workers being given special consideration. But since that time hours have been, and are being, steadily reduced, in the interest not only of the workers themselves but of output. The Health of Munition Workers' Committee gave a close and continuous scrutiny to this question, and its successive recommendations were embodied in the Munitions General Order. The whole of munitions production, with the exception of certain work in the manufacture of guns, tanks or aeroplanes, is conducted in strict conformity with this Order, and the hours worked, including overtime, are, generally speaking, within the maximum of 60 hours prescribed for women. Nor is this maximum exceeded where, as is sometimes inevitable, night shift is worked.

3. Again, as regards conditions of work, and particularly the risk of T.N.T. sickness, the same considerations would appear to apply. We are informed by the Ministry of Munitions that the percentage of T.N.T. sickness in August, 1916, was at one factory as high as 11 per cent., whereas there is now no factory engaged on the manufacture or filling of T.N.T. in which the percentage of illness due to the nature of the work is higher than .79 per cent., and in some the percentage is nil. Similar facts emerge from the returns of cases of toxic-jaundice published in the *Labour Gazette*. It is estimated that the total number of workers employed in handling T.N.T. has not been less than 30,000 at any time during the period taken, and that the number has increased rather than decreased in successive quarters. The number of reported cases of toxic-jaundice is as follows:—

Three months ended	March 31st, 1917—83	cases, 12	deaths.
" " "	June 30th	57	20 "
" " "	Oct. 30th	21	8 "
" " "	Dec. 31st	29	4 "
" " "	March 31st, 1918—13	"	4 "

So low a proportion of illness establishes, in our opinion, no case for claiming a holiday for munition workers on the ground of this special risk.

With regard to the suggestion which has from time to time been made, that T.N.T. produces constitutional troubles which do not declare themselves until some time after they were contracted, the Ministry of Munitions informs us that there has been special opportunity for investigating the point, but that in no case was the suggestion confirmed.

4. Our conclusion, moreover, that a claim for a special holiday for Munition Workers cannot legitimately be based on the strain or danger to which as a class they are exposed, appears to be borne out by the results of the enquiries undertaken by the investigators appointed by the Health of Munition Workers' Committee, which are published in the Committee's Interim Report issued in February, 1917 (Cd. 8511), and also by the reports of the Chief Inspector of Factories.

5. We must, of course, recognise that in certain areas a limited number of workers are exposed to the strain of considerable journeys in overcrowded trains and trams in addition to that of their daily work at the factory. We do not, however, think that it would be administratively practicable to select for special privilege any particular classes or individuals in whose case there may be considered to have been exceptional strain.

6. We do not agree with the contention that the conditions of munition work are in any way analogous to those of the soldiers. It is true that in the past workers could not leave their place of employment

without sanction, but this is no longer so—men must still remain at munition work, but they may move from works to works as they may choose; women are free to move as they may desire. While, then, the restrictions that have existed, and still exist in a minimised form, make it incumbent on the State to assist the speedy resettlement of workers in peace occupations, they do not appear to us to warrant any such privileges as this proposal involves. It should be observed that if the munition worker were to receive his full time-wages he would receive higher pay than the returning soldier.

7. There are, however, further practical difficulties in giving effect to the proposal which seem to us insuperable, namely, that it would be impossible to draw an equitable distinction between munition workers and other classes of workers. Any attempt to do so would inevitably lead to an irresistible demand for a general holiday at the expense of the State. There is no definition of munition worker which could be regarded as satisfactory for the purpose in view. There is the further difficulty of discriminating fairly between munition workers and other workers. In the same factory it often occurs that part of the employees are engaged on munition work and part are not. A few instances will make this plain.

- (a) In a soap factory persons making glycerine are probably doing munition work and the remainder are not.
- (b) In many textile factories part of the operatives are engaged on munition work and part are not.
- (c) In oil cake factories those who are engaged on the extraction of essential oils for explosives are doing munition work, while those merely making the cattle cake are not.
- (d) In an uncertified gas works only such portion of the work is munition work as consists in the production of materials required for the manufacture of explosives.

Again, a firm may be engaged in manufacturing an article, e.g., rope, which may be employed by other firms either for munition work or for private purposes. How is it practicable to determine which of the employees making rope are on munition work and which are not?

At present it is possible to determine, at a given time, in individual cases, and after careful enquiry into each case, whether a specific class are munition workers or not. But to deal with the flood of applications for rulings as to what is munition work, which the proposal under consideration would entail, would, in our opinion, be a task of almost insuperable difficulty; and the rulings would in all probability be hasty and inaccurate. There are, moreover, many other workers in private industry, such as clerks and shop assistants, who have worked at least as hard as those engaged in munition work, and for much less pay, whose claim to a holiday at the public expense would morally be quite as strong. In fact, once the principle of a holiday on pay is admitted, we are satisfied that the same difficulties in limiting its scope will arise as have been experienced recently in connection with the grant of the 12½ per cent. bonus to certain time workers in munition factories.

8. The proposal, involving as it would an enormous expenditure from public funds, might to some extent be justified if it would assist the demobilisation problem and do something to minimise the dislocation which may be anticipated during the period occupied by the turnover from war to peace work. But in our opinion anything in the nature of a general holiday would have a precisely contrary effect. It is of urgent importance both to the State and to the workers themselves that the latter should resume their normal industrial occupation at the earliest possible date, and any unnecessary prolongation of the interval between the cessation of war work and the commencement of production on a peace basis would, in our judgment, be highly inexpedient. A holiday, moreover, taken or demobilisation would be likely to cause grave inconvenience to the community in connection with the question of food supplies and transport at a time when the pressure on the railways will already be sufficiently severe, and the food problem still acute.

A further proposal that the month's holiday should be given to munition workers not on demobilisation, but some time during the twelve months following the cessation of hostilities appears to us impracticable. Administratively we think it would be impossible to carry through, and would probably result in each worker being allowed a month's pay without any guarantee that he took a holiday.

10. Though we have felt it incumbent upon us to report strongly against the proposal, we do not wish it to be inferred that we do not recognise the advantages which accrue for all workers from adequate

holidays, nor do we desire to imply that munition workers are not deserving of consideration, or that a holiday would not be beneficial. Although it may not be possible to prove it by statistics, we have no doubt that much of the present industrial unrest is due to the mental and physical strain which is being placed not only on munition workers, but, to a greater or lesser extent, on every class of the community owing to the conditions of the War. We think, therefore, that the whole question of holidays might well be considered by the Government as a general measure for the improvement of industrial conditions.

GERALD BELLHOUSE (Chairman).

F. D. ACLAND.

J. A. BARLOW.

W. H. BEVERIDGE.

H. B. BUTLER.

J. A. DALE.

R. DUMAS.

ERNEST JARDINE.

CHAS. A. LISTER.

D. S. MARJORIBANKS.

C. F. REY.

HUMBERT WOLFE.

#### NOTE.

We have felt some difficulty in signing either Appendix "A" or Appendix "B," but we have signed the former not because we think the munition worker has no claim to a holiday on the ground of exertion and would not be benefited by one, but because we think the difficulties of discriminating between them and other workers both on grounds of equity and of practicability are insuperable for the reasons which the Majority point out. On the other hand, we do not think that they attach sufficient

weight to the beneficial effects which might be expected to accrue from an extension of holidays for munition and other industrial workers, particularly as a means of removing the strain caused by the war, to which reference is made in paragraph 10 of Appendix "A." We entirely agree with the arguments put forward by the well known employer quoted in Paragraph 2 of the Report, and think they require consideration as a matter of urgency.

F. D. ACLAND.

J. A. BARLOW.

W. H. BEVERIDGE.

H. B. BUTLER.

C. F. REY.



## APPENDIX B.

1. We agree that at the end of the war a holiday for all classes of workers is desirable, and that such a proposal would be preferable to a proposal for a holiday confined to a particular class of workers.

If, however, the larger proposal is outside our reference or involved in special difficulty, we would recommend that a month's holiday with pay should be granted to munition workers.

2. The arguments against such a recommendation, as they have been put on the Committee, may be briefly summed up.

Firstly, it is said that discrimination between munition workers and other workers is impracticable.

Secondly, it is said that munition workers deserve no more consideration from the community than other workers. To this, somewhat inconsistently, the further argument is added that a holiday granted to munition workers would in practice be extended to other classes of workers. It would seem to us to be the case that if this did happen generally the proposal to give all workers a holiday and the proposal to give munition workers a holiday would have the same effect. If, as is more probable, it happened partially, part at any rate of the larger proposal would have been achieved. So far as the argument is true that a holiday given to munition workers would be extended to other workers, it seems to us to be in favour of our recommendation.

3. Turning from this aspect of the question, can it accurately be contended that in law and in fact munition workers are not distinguishable from other workers, and that they have not been subject to special restrictions and hardships?

To answer the first of these questions, it is enough to glance at the Munitions of War Acts, 1915-1917.

In these Acts the definition of munitions, and, in consequence, of munition workers, has been drawn with constantly increasing precision. Upon these definitions rests the power of the Ministry of Munitions with regard to wages; the control of factories; compulsory arbitration; the prohibition of strikes and lock-outs; the imposition of special conditions of discipline: in short, the whole structure of the Acts. Every decision of a Munitions Court and every decision of Arbitrators under Part I. implies that such a line has, in fact, been drawn.

After nearly three years of administration of the Acts it seems to us clear that munition workers are identifiable from other classes of workers, and that the administration of an order affecting them as regards holidays would be attended by no more difficulty of this kind than the administration of an order affecting them as regards wages or working conditions.

4. The proposal, therefore, to entitle munition workers, as such, to a holiday seems to us to be practicable. How far is it justified and desirable?

In this connection we desire to point out that the law has imposed and imposes special restrictions on munition workers. Thus a man may not cease to be a munition worker though he may change from one firm to another: thus, again, in controlled establishments munition workers who infringe the disciplinary rules of the factory may be guilty of a statutory offence, for which they may be, and are, punished by fines. This,

in practice, means that bad time keeping is subject to penalties often severe in proportion to the means of the workers. In other establishments a man or a woman, if tired or less well than usual, can at their discretion take appropriate rest. It is obvious that to make disciplinary offences punishable must be to make the work more exacting.

5. In regard to much munition work it has also to be noted that the application of the Factory Acts, especially as regards night work and overtime, has been relaxed. Night work for women has been for many years entirely prohibited by law, but very large numbers of women are now working at night. Overtime, in some cases excessive in amount, was practised widely in many areas in the early stages of the war, and in some instances it continues to be practised, while ordinary working hours have been lengthened. The incidence of overtime varies with the necessities of the war. In the early period there was special pressure on shell workers. This pressure has recently been transferred to those engaged in the production of aeroplanes and certain other types of work, while probably most munition workers have recently been obliged to put forward extra efforts.

6. It is true, moreover, that all classes of munition workers are from time to time called upon to respond to demands which impose upon them a strain of special intensity and make an appeal to them different from the appeals made to other classes of workers. Further, certain classes of munition work, such as the making of T.N.T., and of various nitrous components, the filling of gas shells, and the manufacture generally of explosive substances is unhealthy and dangerous. It is no doubt true that these unhealthy and dangerous processes are carefully watched by the Departments concerned, but the elements of danger and strain involved in them cannot be wholly eliminated by precautionary measures.

7. It needs also to be remembered that dilution in munition factories has led to the employment of women in much labouring work formerly considered as unsuitable for them. It appears to us that in the employment of women on such work, and in their employment during the night, are two features sharply distinguishing them from other workers. From our point of view it is not possible to contend that a body of workers, all of whom have been subject to special restrictions and some of whom have worked under specially onerous conditions, have not a claim to special consideration.

9. We have not, however, suggested that all such workers should be given a holiday simultaneously. We agree that such a proposal would be unworkable, and that the holiday for each group of workers should, as far as possible, coincide with the slack period in the employment of the group.

We accordingly propose that every munition worker should be entitled to a month's holiday at the appropriate rate for day workers in their occupation at any time during the year following the cessation of hostilities. We feel that such a proposal is reasonable and desirable, and we commend it to the consideration of the Minister.

A. BELLAMY.  
M. J. BELL-RICHARDS.  
GEO. DALLAS.  
A. SUSAN LAWRENCE.  
J. J. MALLON.  
MARION PHILLIPS.  
ROBERT YOUNG.



# CIVIL WAR WORKERS' COMMITTEE.

## FOURTH INTERIM REPORT.

### ARRANGEMENTS UPON CESSATION OF WAR WORK.

To the RIGHT HON. CHRISTOPHER ADDISON, M.D., M.P.

SIR,

We have the honour to submit our Fourth Interim Report, in which we deal with the question of the special arrangements which may be found necessary during an armistice.

1. The main problem which the Committee have had to consider is that arising from the final dispersal of the munition workers and their re-instatement in normal employment, but a further problem, giving cause for almost equal anxiety, will arise during the period preliminary to the actual termination of hostilities. It is impossible to forecast precisely in what manner the war will come to an end, but it is reasonable to assume that there will be an armistice of longer or shorter duration, and it is necessary to contemplate the possibility that in any event serious offensives will be suspended during peace negotiations.

2. It is evident that the question is primarily one affecting metal and chemical trades, since these trades approximately cover the manufacture of destructive munitions. The magnitude of the problem will depend largely upon the policy adopted in regard to the continued manufacture of munitions during the armistice period and this in turn will be determined by the stocks in hand at the time.

In order to bring the stock of munitions up to the amount required, and in order to spread the work and to avoid dislocation it seems desirable to the Committee that all workers, who cannot revert to peace work, should be kept in their present employment as long as possible. We understand that, in certain classes of munition work, various considerations such as storage would render it impossible to continue manufacture for more than a few weeks. In order to avoid dislocation and to distribute employment as widely as possible, we think that the workers should be put on short time. The system of working only alternate weeks or alternate fortnights would in our opinion be the most satisfactory method except in winter. It is plainly in the national interests that the workers should be kept together during the critical early days of the armistice, and that they should not lose the habit of regular work. But if they are to be compulsorily placed on short time in this manner we are of opinion that the State ought to make up the wages actually earned to an amount equal to half the time rate for a normal working week on day shift plus full war bonuses, with a minimum wage the amount of which should be decided by the Ministry of Munitions when the time comes, according to the circumstances then prevailing. To safeguard this arrangement we recommend that, while any firm should be allowed to adopt the system for a period to be specified by the Department concerned, its extension beyond such period should not be allowed without special sanction. Similarly any workers who refuse to undertake full time work when it is available should not be entitled to the special terms suggested.

3. It will not be possible, however, to continue the manufacture of armaments after a limited period, and on the cessation of production two alternatives will present themselves. Either (i) it will be necessary for a certain period to retain the services of some or all of those at present engaged on munitions and not allow them to disperse until it is known whether peace will ensue; or (ii) a large number of workpeople, comprising semi-skilled and unskilled male and female workers who had previously been engaged in munitions industries, would have to seek employment elsewhere.

4. The possible ways of meeting these two alternatives may now be considered.

(i) *Retention of Munition Workers.*—If any munition workers are prevented from obtaining other work because their services must be kept immediately available for war purposes, it is clear that the State would have to bear the burden of maintaining them. We would, therefore, recommend that in this case, as in the case of workers placed on short time, the State should pay to the workers so retained half their ordinary time rate for the normal working week on day shift plus war bonuses. We think, however, that the retention of workers under these conditions should only be allowed when there is a real necessity, and it should be clearly understood that no workers are to be retained without the previous sanction of the Department concerned. An arrangement of this kind would obviously mean a great waste of labour and could not in any case continue for more than a short period, even during an armistice. To keep the whole of the metal and chemical trades in a state of suspense for a long time would create great difficulties



in all the belligerent countries, and this fact will no doubt have a powerful influence towards curtailing any armistice that may take place.

(ii) *Discharge of Munition Workers*.—In the somewhat unlikely event of a long armistice taking place under conditions which might be followed by a resumption of hostilities, it would be necessary to face the second alternative, that all those who are not required for the repair and maintenance of plant, etc., will be thrown out of employment, with a diminished prospect of finding it, owing to reservation of certain raw materials for war purposes and the general necessity of maintaining industry on a war footing. We have had under our consideration how far it may be safe and proper to allow these workers to disperse, and in this connection we have consulted representatives of the Engineering Employers' Federation and the Employment Department of the Ministry of Labour. Both take the view that there would be no serious danger of not being able to collect them together again in time to enable the factories to resume full output within a period of six weeks to two months after a recommencement of hostilities. We think, however, that the position should be safeguarded as far as possible, and with this object in view we recommend that employers should give the longest possible notice of impending discharges to the Employment Exchanges, who should keep a register of all workers, with their names and present addresses and the addresses to which they propose to remove. It may be desirable, too, to supply each worker with a postcard on which to notify to the Local Exchange any change of address. We think that the details of such arrangements can safely be left to the Employment Department to work out.

5. We feel very strongly that special measures should be taken to find temporary occupation for the workers so released. We recommend that further employment should be provided by affording every possible facility for carrying out necessary repairs in the factories. It should be possible, too, to divert raw material, no longer needed for munitions, to other uses, and in particular to such purposes as the manufacture of railway material and other things which are of value both for war and peace. We recommend also that arrangements should be made for the temporary transfer of workers to marine engineering, shipbuilding, and other work of national importance in all districts where such alternative work is available. We believe that in this way full employment could probably be found for the majority of the skilled male workers, for many of the unskilled males and for some of the semi-skilled males. Opportunity should also be taken to supply manufacturers with raw material which will furnish them with the means of turning over at once to after-war occupations. Again, advantage should be taken of this period to make preparation for all kinds of after-war work. Before any extensive building scheme, for example, can be put in hand, bricks, stone and cement will be required, and many of the unskilled workers in the munition factories are well qualified to undertake such work. A list of trades should be made where such employment appears possible.

6. Again, there is much municipal work which has necessarily been neglected during the war, but which the Local Authorities could take in hand as soon as opportunity offers. We think the Local Government Board might circularise such Authorities, indicating what materials are likely to be available, and urge them to consider what temporary use they could make of local labour. Much labour could be absorbed in road mending, repairs, cleaning, etc., and demolition. This particular problem of employing large numbers of persons for a short period has never been brought to the attention of the public authorities, though they have been asked to prepare housing and other schemes, to be put into operation at the conclusion of the war.

7. Two very serious difficulties however present themselves. First, the cost of labour and raw materials during the armistice period will still be prohibitive and, secondly, no Local Authority would care to concentrate its "odd job" work in a few months—as this would mean heaping the expenditure on to one year's rates. Unless they can be given some special financial assistance their natural desire will be to spread their arrears of work over a term of years, and we think, therefore, that some special inducement should be offered.

Three alternative suggestions may be made as to the form which this should take:—

- (1) That a grant in aid should be given, amounting to not less than 10 per cent. of the total cost of the special works carried out.
- (2) That municipalities should be enabled to borrow the capital sum required for such works from the Treasury free of interest.
- (3) That municipalities should use the labour of those persons who have lost their employment as a result of the cessation of hostilities, and pay them only the difference between their unemployment pay and the standard rate of wages for the work performed, the workers continuing to draw unemployment pay from the State (whether at the normal rate, or at a special rate fixed for the armistice period), on condition that they accepted any work which was assigned to them on this basis.

8. The question of the extent to which special travelling facilities should be granted to certain classes of workers during the armistice has also been considered. We are of opinion that free railway passes should be issued only to those persons who have changed their place of residence for the purpose of taking up work on munitions or on Naval or Army contracts, and who have been displaced from such employment owing to the cessation of hostilities. In such cases the worker should have the option of having his fare paid either to his usual place of residence, or to some other place at which work is available for him. In the event of hostilities being resumed, railway passes should again be issued to those workers who may be recalled.

9. Finally, the case of those for whom no employment can be found must be considered. If a worker is free to obtain other employment there is clearly not the same obligation on the State as there is in the case where his services are retained, but it must, at the same time, be remembered that during an armistice which might be followed by a resumption of hostilities the prospects of employment will be artificially limited, since the State will restrict the extent to which industry can return to peace production. There would thus be an exceptional obligation created for the State. In the last resort, no one would deny that if a desperate situation as regards employment were to arise, it would be necessary to adopt heroic remedies. There is no possible analogy in ordinary times to the industrial situation which will exist during an armistice or immediately after the war, and it does not seem to us possible to apply to these periods the ordinary canons as regards



unemployment insurance. The ordinary unemployment benefit has never, either in the view of the State or of the Trade Unions, been anything like a maintenance wage, because it was only designed to tide the recipient over a period which was not likely to be prolonged; hence, a small sum like that of 7s. a week was just enough to help a man through a difficult time and did not pretend to do anything more. On the other hand, as soon as it becomes a question of employment being so limited through shortage of raw material or other emergency (as, for example, in the cotton trade during the past year), and there is a prospect of unemployment being inevitable for a large number of people for a considerable time, it at once becomes necessary that the benefit should approximate to a maintenance wage, as it does in the cotton industry. This distinction must be recognised in dealing with the period of an armistice and the period of demobilisation. In our opinion, therefore, it is necessary to contemplate the possibility of a situation arising during an armistice in which the ordinary unemployment benefit, even on an enhanced scale of 15s. for men and 12s. for women, might prove inadequate. At the same time, it would be a mistake to adopt heroic remedies and to pay unemployment benefit at a rate which was totally unnecessary, based on fears for the future rather than on a knowledge of the actual conditions of the moment. As has already been pointed out, the difficulties of an armistice will vary very considerably according to the conditions under which it takes place. It is impossible to attempt to say beforehand what sum will be required in order to deal with the consequent unemployment. It is not even certain that the same rate of benefit will be desirable during the whole period. We, therefore, suggest that the right method of dealing with the problem is to leave the base rate for unemployment benefit unaltered at whatever sum is finally fixed and to give the Minister of Labour power, on the advice of the Labour Resettlement Committee, and with the consent of the Treasury, to increase it should circumstances make it necessary. It should be made clear that any addition so made is of a purely temporary character analogous to the war bonus, which may be withdrawn in the same manner in which it was granted.

10. The amount of this additional benefit, if any, must be determined according to the cost of living at the time, and it is difficult therefore to make any definite suggestions now. On the other hand there must be no delay in bringing the scheme into operation should the necessity for it arise. We think, therefore, that the Labour Resettlement Committee should take the earliest opportunity of considering the question and should construct a provisional scale of allowances based on present prices, which could be brought into operation at once with the necessary modifications when the need for action arises. We think it preferable that the allowance should not take the form of a flat rate, but that unless the administrative difficulties are thought to be insuperable, account should be taken of the number of dependent children under 14 years of age. We have considered too, whether account should not also be taken of a wife or other dependants, but have come to the conclusion that to do so would only lead to unnecessary administrative complications.

11. We think that in practice it will be impossible to limit this extra allowance to the actual period of the armistice. There would certainly be complaints that there was nothing in the way of immediately improved prospects of employment or of an immediate fall in prices to justify a reduction in unemployment benefit on the day that peace is signed. We think, therefore, that the power which it is proposed should be given to the Minister of Labour should be continued for a limited period after the end of the armistice, for such time as the conditions causing exceptional unemployment and due to the cessation of hostilities still prevail.

We have come to the conclusion too that on administrative and other grounds, which have been fully discussed in our Second and Third Interim Reports, it is impossible to grant such special benefits to munitions workers, without at the same time extending them to other classes of workers. We recommend, therefore, that the proposal for supplementary benefits should be applied generally. In practice, however, the number of such other workers who will be affected by our present proposals is likely to be almost negligible.

12. The suggestions made on this question may be summarised as follows:—

- (1) The industrial conditions during an armistice must vary considerably according to the circumstances in which it takes place.
- (2) So long as the production of armaments continues employment should be distributed as widely as possible by means of the half-time system: half the time rate for the normal working week on day shift plus war bonuses should be paid in such a case, with a minimum wage to be decided by the Ministry of Munitions.
- (3) If the conditions demand the retention of munition workers without work in view of a possible resumption of hostilities, it would be necessary for the State to bear the burden of their maintenance by the payment of half the time rate for the normal working week on day shift plus war bonuses.
- (4) If on the other hand workers are discharged in large numbers, special arrangements should be made to transfer as many as possible to other work of national importance, and some form of financial assistance should be offered to municipalities as an inducement to provide temporary work.
- (5) Subject to certain conditions free railway passes should be issued to discharged workers who have been employed on munitions or on Naval or Army contracts.
- (6) (a) In order to meet the case of those who are not provided for under recommendations (2), (3), and (4), it may be necessary to take exceptional measures, if there is a prospect of acute unemployment due to shortage of raw materials, shipping, &c. The unemployment benefit payable in such exceptional circumstances would have to be on a maintenance scale, and we recommend that it should consist of the ordinary flat rate of unemployment pay, plus a supplementary allowance.

(b) The Minister of Labour should be given power, on the advice of the Labour Resettlement Committee, to authorise the payment of the supplementary allowance during a specified period.

(c) In order that there may be no delay in giving effect to these recommendations if and when the need arises, a provisional scale of supplementary allowances, based on present prices, should be drawn up as soon as possible by the Labour Resettlement Committee.



(d) This scale should take into account (1) the number of dependent children under 14 years of age, and (2) the current cost of living.

(e) It would be impossible to differentiate sharply between the period of armistice and the early period of demobilisation and any measures in regard to unemployment benefit adopted for the first period should therefore be applicable to the second also.

(f) These measures should not be confined to munition workers, but should be of general application.

We have the honour to be,

Sir,

Your obedient Servants,

GERALD BELLHOUSE (*Chairman*).

F. D. ACLAND.

J. A. BARLOW.

A. BELLAMY.

W. H. BEVERIDGE.

H. B. BUTLER.

J. A. DALE.

G. DALLAS.

R. DUMAS.

ERNEST JARDINE.

A. SUSAN LAWRENCE.

CHAS. A. LISTER.

J. J. MALLON.

D. S. MARJORIBANKS.

MARION PHILLIPS.

C. F. REY.

ROBERT YOUNG.

HUMBERT WOLFE.

A. K. LEACH,  
*Secretary.*

22nd August, 1918.

# CIVIL WAR WORKERS' COMMITTEE.

## FIFTH INTERIM REPORT.

To The RT. HON. CHRISTOPHER ADDISON, M.D., M.P.

SIR,

1. We have the honour to submit our Fifth Interim Report, which is in effect a continuation of our First Report, and deals with various miscellaneous questions which we had reserved for further consideration.

### EXTENT OF THE PROBLEM.

2. The following table extracted from the Board of Trade returns for January, 1918, gives some indication as to the changes which have taken place in industry since the commencement of the war.

SUMMARY OF THE STATE OF EMPLOYMENT COMPARED WITH JULY, 1914, AND ENLISTMENT IN THE UNITED KINGDOM IN JANUARY, 1918.

—	Males.						Females.		
	Estimated number employed, July, 1914.	Left to join the Forces.	Employed in Jan., 1918.	Consequent net replacement (+) or displacement (—).	Expansion (+) or contraction (—) since July, 1914.		Estimated number employed, July, 1914.	Expansion (+) or contraction (—) since July, 1914.	
					Numbers.	Per cent.		Numbers.	Per cent.
Total Industries	6,163,000	2,501,000	4,947,000	+1,285,000	—1,216,000	— 19·7	2,175,500	+ 533,000	+ 24·5
Gas, water and electricity under local authorities ...	63,000	21,000	55,000	+ 13,000	— 8,000	— 13·2	600	+ 4,500	+ 743·5
Government establishment...	75,000	42,000	256,000	+ 223,000	+ 181,000	+241·9	2,000	+ 207,500	+ 10,127·1
Total Industries and Municipal and Government establishment ...	6,301,000	2,564,000	5,258,000	+1,521,000	—1,043,000	— 16·6	2,178,100	+ 745,000	+ 34·2

3. In our First Interim Report we stated that we were making further enquiries on various points which would affect displacements in the Munitions Trades after the war, and we have now been furnished by the Ministry of Munitions with estimates of the number of persons concerned. For convenience of reference, it may be pointed out here that the total figures for Munition Industries roughly coincide with those given under the head of Metal and Chemical Trades in the later paragraphs of this Report.

Munition workers fall into two main groups :—(1) Those employed on destructive munitions; (2) those employed on work which can be used for civilian purposes. From the first group it is estimated that 180,000 males and 65,000 females will continue to be employed on the same work after the war, but that 480,000 men and 420,000 women will lose their employment. The second group includes dilutees and substitutes, to the number of some 600,000 men and 85,000 women. Dilutees in the strict sense will, in the absence of further agreements with the Trade Unions, presumably be displaced, but it appears probable that many of the substitutes will be retained. The position is, however, likely to be materially affected by the operation of the Military Service (No. 2) Act, 1918, so that later returns may show that considerable alterations in these estimates are necessary.

Whatever the total number of discharges may be, they will in all probability be spread over a considerable period. Even in the case of destructive munitions a period varying from seven days to six months—four weeks being the commonest—is specified in the Break Clause of



Munitions Contracts. In the case of guns, the period is ordinarily three months or even nine months, and in the case of aeroplanes and aero-engines it is proposed that two, three or four months' output might be spread over a six months' period. From estimates which have been put forward it appears that of the total numbers employed at National factories about 64 per cent. will be dismissed immediately, and about 33 per cent. within the following twelve months; though it is impossible to forecast the rate of discharge with any certainty, the dismissal of the 33 per cent. will probably, in the majority of cases, take effect within the first three months.

#### DEMOBILISATION OF WOMEN.

4. We have already indicated in our First Interim Report that one of the most serious problems which will have to be faced is that arising from the discharge of women at the end of the War. Since July, 1914, very nearly 1,500,000 extra women have been drawn into industry and commerce. Of these, 650,000 are engaged in the metal and chemical trades, and we have already shown that a large proportion of them will necessarily have to be discharged under the terms of Munitions of War Acts, unless before the end of the War is reached some new agreement is effected with the Trade Unions concerned. No doubt a considerable proportion of these women were unemployed before the War and will return to their domestic duties when it is over. On the other hand, many such, having acquired the wage-earning habit, will wish to continue in employment. In our opinion the whole situation will be profoundly affected by a settlement of the War Pledges question. Until the position of the Unions in this respect is clearly established, it is hardly practicable for them to enter into negotiations regarding the future position of women. We understand that a Bill is at present being drafted to make the position clear, and we would urge that it should be brought before Parliament and passed into law at the earliest possible date. For the rest, reliance must be placed upon the Employment Exchanges to cope with the problem. Its magnitude has no doubt already been recognised by the Ministry of Labour, and we hope that the organisation of the Women's Branch of the Employment Department will be closely examined so that its ability to deal with these large numbers may be fully assured.

#### DEMOBILISATION OF JUVENILES.

5. While the recommendations made in regard to munition workers generally may be expected in some degree to relieve the situation in regard to young persons as well as adults, it is felt that the demobilisation of young persons presents a problem more complex and in some respects more serious than any arising out of the demobilisation of adults. Through the shortage of labour thousands of boys and girls, leaving school at the earliest possible age, and without receiving any further course of training, have been readily absorbed in the labour market. They have been receiving wages in many cases far higher than were paid in pre-war days to skilled workers, while much of their work has been uneducative and not such as to provide any real training for future occupation. Frequently, too, home control has been lost through the absence of the father or through the financial independence so suddenly acquired. At the same time, it must be remembered that the loss of life among the generation immediately ahead has thrust upon the boys greater responsibilities for the future and renders it an imperative necessity to prevent any wastage of the human material that is left.

6. The Committee, therefore, view with great concern the prospect of large numbers of young persons, displaced from employment at the end of the war, being allowed to drift into idleness at an age when training and occupation are of essential importance in their effect upon character, and they feel that the extent of the danger is such that comprehensive schemes for meeting it must be worked out in advance.

7. In this connection we have taken evidence from Mr. R. A. Bray, Chairman of the London Juvenile Advisory Committee, from Mr. R. C. Davison, who is in charge of the Juvenile Section of the Employment Department of the Ministry of Labour, and from Mr. E. K. Chambers, of the Board of Education. We have also had before us the proposals which Mr. Bray submitted to the Ministry of Munitions, and which have been published in pamphlet form (M. 37) under the title of "The Problem of Juvenile Employment after the War." We find ourselves in very general agreement with all the main points, which may be briefly recapitulated here together with some observations and suggestions of our own. They may be dealt with under the following heads:—

- (1) Control of the problem;
- (2) Limitation of the supply of new entrants; and
- (3) Provisions for juveniles unemployed.

8. *Control of the problem.*—The principal controlling agency must be the Employment Department of the Ministry of Labour, and it is essential therefore in the first place that the Employment Exchanges should be fully equipped and prepared to deal with the large number of applicants that may be anticipated. Under the present arrangements the Exchanges are assisted in some areas by the Juvenile Advisory Committees appointed by the Ministry of Labour and in other areas by Choice of Employment Committees appointed by the Local Education Authorities under the Choice of Employment Act. It is evident that these Committees must play a very important part in the re-settlement of juveniles.

9. Such Committees will, therefore, be necessary in all the principal industrial areas, but until comparatively recently there were many important areas without them. Thus, the



following statement appears in the First Interim Report of the Departmental Committee on Juvenile Education in Relation to Employment after the War:—

“ Although local committees have been established in some 60 county boroughs and some 40 smaller towns, the Committee call attention to the fact that such provision is still required in 20 county boroughs (some of them large towns with a population over 200,000), and in some 130 smaller towns and large urban districts.”

The Committee have, however, been glad to learn from Mr. Davison that the difficulties which stood in the way of the more rapid increase in those Committees have now been largely overcome, and that since the report referred to was published 76 extra Committees have been, or are being, appointed, and that there are now only 48 towns with a population of 20,000 or over in which no steps have yet been taken to appoint a Committee. We have no information as to whether any of the areas still unprovided for can properly be described as industrial areas in which there is likely to be much dislocation in employment, but if there are any such we hope that steps will be taken to set up Committees forthwith.

10. It is equally essential that the Committees should be properly constituted and should have on them representative employers and trade unionists who will carry sufficient weight in their particular districts effectively to bring home to employers the gravity of the problem and to secure the co-operation of all concerned in dealing with it. We recommend that both the Ministry of Labour and the Board of Education should closely examine the situation from this point of view and take steps, where such a course may prove desirable, to add to the Committees representative employers and trade unionists to assist in carrying through the work.

11. We think it desirable that there should be direct connection between the Juvenile Committees and the Local Advisory Committees. We understand that the Juvenile Committees are asked to appoint a representative to serve on the Local Advisory Committees, but we think that the machinery should be strengthened and that Joint Sub-Committees should be set up to deal with the problem during the transition period. The Local Advisory Committees will have before them a general picture of the state of employment and of the labour situation in their areas, and the work of the Juvenile Committees would be greatly facilitated by such information being fully available also to them.

12. Mr. Bray has pointed out that control of the problem requires the co-operation of employers, and that co-operation on their part in turn demands a full realisation of the need for action. We cordially agree, and we support his recommendation that steps should be taken by the Government to appeal to employers with all the means at their command to assist in dealing with the question. Those employers who will find themselves obliged to discharge juveniles should be urged to give the earliest possible notice of individual discharges to the Employment Exchanges, while those in need of such labour should be pressed to obtain it through the same channel. Steps should be taken locally to follow up a general appeal of this kind. We agree with Mr. Bray that much can be done both by the Exchange Officers and by the Juvenile Committees; the former by a special canvass amongst the principal employers with a view to securing their assistance, the latter, assuming that they are properly constituted, by organising special meetings of employers and trade unionists. We recommend that action should be taken on these lines.

13. *Limitation of the Supply of New Entrants.*—The difficulty of replacing the juveniles discharged from munition work must necessarily be increased by the arrival in the labour market of children leaving school. There was, moreover, in many instances prior to the war a preference on the part of employers for boys or girls fresh from school rather than for those who had already had a factory experience. It may be anticipated that this tendency will be even more noticeable after the war, more particularly in the case of boys, since the unusually heavy work, long hours, and high wages have combined to lead to their demoralisation and to render them unlikely therefore to settle down quickly to more normal occupation. The situation would have been largely met if the provisions of the new Education Bill could have been brought into operation before the end of the war. The raising of the age for leaving school to 14 years would in itself have shut out a large number of children, more particularly in many of the chief industrial areas, while the arrangements for attendance at Continuation Schools would likewise have tended to increase the volume of employment, since they would necessitate in many factories what may be described as relief shifts to carry on the work while other boys or girls are at school. There will, doubtless, be areas in which there will be a large surplus of juveniles for whom no employment can be found immediately, and we think that in such a case the Board of Education might well consider whether they should not obtain emergency powers to retain children at school for an additional period where the Local Education Authorities consider it necessary and advisable to do so.

14. *Provisions for Unemployed Juveniles.*—Even after all the proposals enumerated above have been carried through, it is certain that there will be numbers of young persons who, for a shorter or longer period, will be left without employment, and it is of the highest importance that they should as far as possible be kept under some form of control. It is generally agreed by all those who are most competent to judge that it would be impracticable to enforce the return of such children to school and that they would benefit little from the educational point of view even if they went there. We feel it desirable, however, that steps should be taken to organise in areas where the problem is likely to be acute, what may be described as “Centres” to be worked in conjunction with the Employment Exchanges, the Local Education Authorities, the Juvenile Organisations Committees and Local Voluntary Organisations. At these Centres occupation rather than education in its more generally accepted sense should be provided, and we think that details as to this and as to hours of attendance



might well be left to the Local Education Authorities to determine. It would not be practicable even at those places to compel attendance; but much could be done by offering inducements. The Employment Exchanges, for instance, would be in constant touch with such places, and it should be made clear to applicants at the Exchanges that a preference will be given to those children who attend at the Centres. There is also the question of paying those who attend some maintenance allowance. Persons under 17 years are not eligible for unemployment insurance benefit, but we think that in the special circumstances that will arise a non-contributory grant, payable by the State through the Employment Exchanges, might be made to such persons when no employment can be found for them, on the condition that they attend the Centres.

15. We have not thought it necessary nor strictly within our terms of reference to enlarge upon the constitution of Centres. We think, however, that they should generally follow the lines of the experiments that were carried out in London in the early days of the war, and that it should be the duty of the Employment Exchanges and the Juvenile Advisory Committees to take the initiative in their formation. It might be desirable in some instances to establish a Juvenile Exchange at the Centre.

16. There is one final point to which the Committee also desire to direct attention. The abnormal demand for boys for unskilled work has caused many of them to miss their opportunity of apprenticeship to skilled trades, and they have now passed the age when they can normally be apprenticed. We understand that in a number of industries arrangements have been made for special apprenticeships for returning soldiers. We hope it may be possible for organisations of employers and employed to carry through some similar scheme for these older boys. We feel that it is their case which will present the most serious difficulty when the demobilisation of the munition workers takes place, and we think that a scheme of apprenticeship would do something at all events to help to meet it. The utilisation of the technical schools and training centres instituted by the Ministry of Munitions would offer facilities for such training.

#### ORDER OF DISCHARGE.

17. The Committee have had under their consideration the question as to whether anything can be done to regulate the order of discharge from armament works so as to provide that those workers shall be released first who, on account of their previous experience, are most urgently needed in other industries, an arrangement which is to be carried out in connection with the demobilisation of soldiers. We have heard from one employer who gave evidence before us that he had prepared a register of all the women workers, showing their previous occupations, and that he hoped to be able to regulate the order of discharge accordingly. We fear, however, that there is little hope of anything being accomplished on a large scale. The munition worker is not subject to discipline as is the soldier, and he certainly could not be made to await his discharge from any particular employment if he desired to leave. In many cases too, the cessation of the manufacture of munitions will come abruptly, and the numbers to be discharged at the same time will render any selection on the lines proposed impossible. We find ourselves therefore reluctantly unable to make any general recommendations on this point. It may be possible to do something in individual works, and we hope that the Local Advisory Committees where they have the opportunity will bring the proposal to the notice of employers. We think, too, that an appeal should be made to the large number of women who took up work in munitions factories and elsewhere from patriotic motives, and who have independent means of subsistence, to show their patriotism again by voluntarily withdrawing their services as soon as the demand for supplies begins to fall off.

#### PREPARATIONS FOR POST-WAR WORK.

18. The Committee have had under their further consideration the proposals which they made in their First Interim Report that Government Departments, public bodies, and employers in the staple trades should prepare in advance schemes for post-war work, an arrangement to which we attach great importance. We are satisfied that if definite plans can be made, and definite contracts assured, before the war ends, the transfer from war to peace occupations will be enormously facilitated and the dislocation of labour consequently materially reduced. The Committee have not overlooked the difficulties that must arise as to prices. Those who have contracts to place on the one hand may be inclined to hold their hands until market prices become more settled, while on the other contractors may equally hesitate to accept orders for the same reason. But the Government can, in our opinion, do much to remove this difficulty. They will themselves have large orders of different kinds to place, and if they will place those on a "costing" basis, *e.g.*, costs plus a lump sum for profits, they will ensure that prices paid are not excessive and will probably set up a standard of prices which is likely to be generally followed.

19. In this connection we desire to direct particular attention to the work which will have to be undertaken to rebuild and refurnish the towns in Belgium and Northern France. It appears probable that the resources of these countries at the end of the war will not be such as to enable them to carry out with the requisite speed all the work of reconstruction which will be necessary before their industries can be placed again upon their old footing, and that they will therefore desire to place contracts elsewhere. We think that steps should be taken now to investigate the position and to ascertain precisely what will be required.

20. We therefore recommend that the Government should consider the appointment of an International Commission to carry through such investigation and to prepare a schedule of



contracts. When this work has been accomplished it will be necessary to consider further in conjunction with influential bodies of employers on what terms such contracts can be placed.

21. Questions as to financial guarantees will no doubt arise, but these fall outside our terms of reference, and we do not therefore offer any suggestion. For the same reason we have not thought it right to enlarge upon the broader commercial benefits that would follow for this country and for the Allies from an early resettlement of the devastated areas, and a consequent preparedness to resume commercial activities. We have considered the question purely from the point of view of the demobilisation of civil workers, which will, we believe, be assisted in two ways by the proposals which we make—first by providing employment at home, and, secondly, by giving the opportunity of employment abroad to men already in France. There will possibly be large numbers of men in the Army at the end of the war who, feeling doubtful as to their prospects of finding employment again in their old occupations at home, would be willing to take up employment in Belgium or France if it were immediately available for them on suitable terms.

#### CO-ORDINATION BETWEEN GOVERNMENT DEPARTMENTS.

22. During the course of our enquiry we have been strongly impressed by the importance of active co-operation between the different Government Departments. At the present time the greater part of the industry of the country—including all trades that depend upon imported materials, a great number of trades using material which is also needed for munitions, and trades manufacturing articles for the Government itself—is under some degree of State control. Besides the general powers of the Import and Export Restriction Committee, committees deal with the supply of a very long list of miscellaneous raw materials. This state of affairs cannot disappear with the cessation of hostilities, and it is almost certain that for some time the Government control over raw material must continue, and that Government demand for goods cannot become normal until our forces have been disbanded. During the whole period of demobilisation, therefore, employment in different trades and localities must be largely affected by the action of the Government.

23. It is clear that the above mentioned powers should not be exercised without due concern for the workers, and that it is the duty of the Government (a) to give the longest possible notice to those concerned, (b) to facilitate the transfer of labour, (c) to spread the volume of employment as evenly as possible over the country.

24. These objects cannot be attained without the interchange of information between the Departments concerned, and without some co-ordinating authority. At the present time, the rationing of different materials to various industries is in the hands of independent Departments, and the placing of Government contracts in the hands of many more. Each Department acts, and must necessarily act, in the interest of the particular duty assigned to it. Such unco-ordinated action might result in some towns suffering from widespread unemployment, while in others a brisk and even an unsatisfied demand for labour might exist. It is essential therefore that the Ministry of Labour should be forewarned, and kept fully informed of any action by a Government Department that is likely to affect employment, and that they should have an opportunity to express their opinion on the labour questions involved.

25. In order to secure effective co-ordination we recommend that a Committee should be set up on which both the Supply Departments and the Labour Departments should be represented. It is important, moreover, in order that co-ordination may also be ensured between the different sections of each Department that the officers selected as representatives should be in a position to speak for their Department as a whole, and not merely for some particular branch of it.

26. We are of opinion that the Departments to be represented should be: (1) The three chief contracting departments—Ministry of Munitions, Admiralty and War Office; (2) the Ministry of Labour and Board of Trade, as being concerned with the labour and industrial questions involved; (3) the Local Government Board, as the body responsible for housing schemes and other works undertaken by Local Authorities; (4) the Ministry of Reconstruction; and also (5) any body that may be set up to deal with the allocation of raw materials.

We suggest that the duties of such Committee should be defined in some such terms as the following:—

- (a) To collect all information as to any action by Departments which may affect the supply of labour;
- (b) to advise as to the methods by which, and areas in which, reductions in labour rendered necessary through modification of contracts should be effected, with a view to minimising the dislocation of employment.

#### GOVERNMENT CONTRACTS OTHER THAN THOSE FOR ARMAMENTS.

27. The problem here is quite unlike that which we have hitherto considered. Whereas it has been necessary in the case of armaments to create new industries and new establishments, in the case of other Government contracts requirements have, broadly speaking, and with a few minor exceptions, been met by expanding and developing existing industries rather than by setting up new ones. Similarly, whereas the manufacture of armaments will, so far as the vast majority of the factories are concerned, entirely cease at the end of the war, firms now engaged on other kinds of Government work will, when present contracts cease, continue to make the same or very similar articles for civilian use. The dislocation in these trades is therefore likely to be very much less than that which is to be anticipated amongst workers engaged on the manufacture of armaments.



28. Evidence in this connection has been taken from representatives of the Contracts Departments of the War Office and the Admiralty. The contracts cover a large variety of articles, but there are few cases in which Army requirements have involved the setting up of new industries which will not be required after the war. Badges and military accoutrements, mess-tins, web-equipment and certain other military supplies would have little or no civilian market comparable to war output. They are, however, of a similar nature to the normal products of industry, and there should therefore be little difficulty in reverting to normal production. Of the remainder the goods now furnished to the Army differ little, if at all, from those produced for private consumption. It has to be recognised, however, that in some cases (*e.g.*, cutlery and saddlery) Army requirements have been on such a scale as to necessitate a wide expansion of industry, and it is improbable that peace-time demands will be capable at once of taking up production on its present scale. In such cases, therefore, there must be some displacement of labour.

29. As regards Admiralty contracts there is every probability that in shipbuilding and marine engineering, which employ somewhat more than 75 per cent. of the labour engaged on Admiralty work, work will continue at full pressure for some considerable time after the war, while in the case of the other industries the considerations, which we have referred to when dealing with War Office contracts, would, in the main, equally hold good.

30. Broadly speaking, therefore, the problem centres to a large extent round the question as to how trades can change over from military to civil requirements. We believe that the recommendations contained in our earlier reports for making arrangements to enable firms to prepare before the end of the war for a return to peace productions are equally applicable to the case now under consideration. We think that the Contracting Departments, where they are satisfied that their stocks are sufficient, should, by reducing their delivery requirements, afford manufacturers the opportunity gradually to prepare for a return to civilian production.

31. It may be assumed further that for stores and supplies which are not used directly for fighting the enemy there will still exist a considerable, though reduced demand during the demobilisation period. We think it desirable that the departments concerned should, subject to military exigencies, limit their reserves of these stores to such quantities as will necessitate a continuance of manufacture of new stocks, though in gradually diminishing quantity, during the demobilisation period, and so ease the difficulty of having to find new work for employees who might otherwise be displaced.

32. We consider, too, that the Contracting Departments should exercise a wise discretion in the use of the "break clause" in their contracts. In almost all cases they are able to require a manufacturer to cease work at the expiration of 14 days' notice. It may often be desirable to allow a longer time in which to complete such quantity of goods as may be required under the contracts; by doing so opportunity will be afforded to manufacturers gradually to build up their private trade again alongside their Government work. We recommend that the departments should carefully examine this aspect of the case before exercising their right to adhere strictly to the terms of the break clause.

33. We have already indicated that we believe that the problem in this case is primarily one of enabling manufacturers to revert to civilian production, but we are nevertheless satisfied that there must be some dislocation and unemployment. It is difficult to measure its extent in advance, and we think that this is precisely one of the questions upon which it will be found desirable to consult industries as a whole, as recommended in paragraph 12 of our First Interim Report. We do not think that the dislocation is likely to be such as to necessitate any special registration of the persons to be discharged such as we have recommended in the case of workers engaged in the manufacture of armaments. We think the case can be met, assuming that there is proper co-ordination between the Supply and Labour Departments, by the machinery of the Employment Exchanges and by the proposals which we have put forward for a general scheme of unemployment insurance.

#### EMPLOYMENT EXCHANGES.

34. We have recommended in this Report, and in our Interim Reports, that a large portion of the work in connection with demobilisation should be performed by the Employment Department of the Ministry of Labour. We have done so because we are of opinion that national machinery of some kind covering the whole country, working in close touch with local bodies of employers and workmen, and co-ordinated by a single central authority is essential, and the only machinery for this purpose now in existence is that of the Employment Exchanges.

35. The recommendations which we have made mean that the Employment Exchanges, besides being an organising and thinking centre for demobilisation work, have to act as the executive machine for assisting discharged workers to find employment, to ascertain the prospective demand for their services in advance, to compile a register of discharged workers, to administer an enormously extended scheme of unemployment insurance, to deal with the special problems arising from the discharge of women, to act as the principal controlling agency in connection with demobilisation of juveniles, and to perform many other duties incidental to the main functions specified above.

36. Although the Employment Exchanges have been greatly strengthened by the formation of Local Advisory Committees, we think that they will need further reinforcement if they are to be able to deal with this large amount of work in addition to the work which we understand it is proposed that they should perform in connection with the Demobilisation of the Army. We feel, therefore, that, as a necessary preliminary to carrying into effect the recommendations



we have made, action must be taken to examine the position and reinforce the staff of the Employment Exchange Service, and in particular to strengthen the controlling and directing staff of the Department and the clerical ranks, which have been greatly depleted by loans to other Departments and the absence of men on service with the forces. We fear that otherwise there is the gravest possible risk of the whole procedure breaking down with lamentable results to the industrial community as a whole.

#### TRAVELLING FACILITIES FOR DISCHARGED WORKERS.

37. We have considered to what extent, if any, special travelling facilities should be granted to discharged workers other than those War Munitions Volunteers who would in any case be entitled to receive them under the specific terms of their engagement. In this connection it is to be noted that the issue of free railway passes has already been sanctioned in the case of a considerable number of ordinary munition workers who were displaced owing to the cessation of contracts in the early months of 1918, and that the reasons which then led to this course being adopted are not likely to have less force when demobilisation on a still larger scale takes place.

38. We are of opinion therefore that free railway passes should be issued to those persons who have changed their place of residence for the purpose of taking up work on munitions or on naval or army contracts, and who may be displaced from such employment owing to the cessation of hostilities. In such cases the worker should have the option of having his fare paid either to his usual place of residence or to some other place at which work is available for him. In order to safeguard this concession, we are of opinion that the privilege should be available only for a period of two months from a date to be notified by the Government, and should be limited to workpeople employed on the work referred to at the date on which this notification is issued.

#### SUMMARY OF RECOMMENDATIONS.

##### 39.—1. *Dilutees.*

Steps should be taken to bring about a settlement of the War Pledges question at the earliest possible date. (Paragraph 4.)

##### 2. *Juveniles.*

(a) The constitution of Juvenile Advisory Committees and Choice of Employment Committees should be strengthened and new committees set up wherever necessary; closer connection should be established between the Juvenile Committees and Local Advisory Committees by the appointment of joint sub-committees, and steps taken to obtain the fuller co-operation of employers and trade unionists. (Paragraphs 5–12.)

(b) In the event of the provisions of the new Education Bill relating to the school leaving age and compulsory continuation classes not becoming operative in time to affect the supply of juvenile labour during the demobilisation period, the Board of Education should consider the question of obtaining emergency powers to retain children at school for an additional period, where the Local Education Authority considers it advisable to do so. (Paragraph 13.)

(c) Centres should be organised in connection with the Juvenile Employment Exchanges, at which some form of instruction or occupation should be provided for juveniles for whom no employment can be found. A non-contributory grant should be made to these persons on condition that they attend the Centres. (Paragraphs 14–15.)

(d) Arrangements should be made by organisations of employers and employed for special apprenticeships to meet the case of boys who have passed the normal age at which they can be apprenticed. (Paragraph 16.)

##### 3. *Post-War Work.*

(a) Schemes should be prepared and contracts, on a costing basis or otherwise, placed before the end of the war by Government departments, public bodies and employers in the staple trades. (Paragraph 18.)

(b) An International Commission should be appointed to investigate the question of reconstruction work in the devastated areas of Belgium and Northern France and to prepare schedules of contracts. The possibilities of employing men discharged from the British Expeditionary Forces on such work should be explored. (Paragraphs 19–21.)

##### 4. *Co-ordination between Government Departments.*

An Interdepartmental Committee should be set up to advise as to the distribution of controlled raw materials, with special reference to the state of employment, at any given time, in different industries and areas. (Paragraphs 22–26.)

##### 5. *Government Contracts other than those for Armaments.*

Subject to military exigencies, the reserves of certain stores should be limited to such quantities that a continuance of manufacture may be necessitated during the demobilisation period. Discretion should also be exercised in the use of the "Break Clause," and, where advisable, longer time should be allowed to manufacturers in which to complete their contracts. (Paragraphs 27–33.)



### 6. *Employment Exchanges.*

In view of the largely increased amount of work which we have recommended that the Employment Exchanges should undertake during the demobilisation period, action should be taken to examine the machinery and to strengthen very considerably the staff of the Department.  
(Paragraphs 34-36.)

### 7. *Travelling Facilities.*

Subject to certain conditions, free railway passes should be issued to persons who have changed their place of residence for the purpose of taking up work on munitions or on naval or army contracts, and who have been displaced from such work owing to the cessation of hostilities.  
(Paragraphs 37-38.)

We have the honour to be,  
Sir,  
Your obedient Servants,

GERALD BELLHOUSE (*Chairman*).

F. D. ACLAND.

J. A. BARLOW.

A. BELLAMY.

W. H. BEVERIDGE.

H. B. BUTLER.

J. A. DALE.

G. DALLAS.

R. DUMAS.

ERNEST JARDINE.

A. SUSAN LAWRENCE.

CHAS. A. LISTER.

J. J. MALLON.

D. S. MARJORIBANKS.

MARION PHILLIPS.

C. F. REY.

HUMBERT WOLFE

ROBERT YOUNG.

A. K. LEACH (*Secretary*).

12th September, 1918.



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